

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

DELPHI CORPORATION, *et al.*

Debtors.

Chapter 11

Case No. 05-44481 (RDD)

Jointly Administered

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DECLARATION OF TED WILLIAMS
IN OPPOSITION TO DELPHI'S MOTION FOR AUTHORITY TO REJECT
COLLECTIVE BARGAINING AGREEMENTS UNDER 11 U.S.C. § 1113(c) AND
MODIFY RETIREE WELFARE BENEFITS UNDER 11 U.S.C. § 1114(g)

I, Ted Williams, declare and state as follows:

1. My name is Ted Williams. I am the Shop Chairman of Local 698, IUE-CWA ("Local 698" or "the Union") at the Delphi Packard Electric Plant in Clinton, MS ("Delphi Clinton" or "the Company"). I have had that position since May, 2004. Other union positions I have had are: District Committeeman, Zone Committeeman, and Skilled Trades Chairman.

2. I started working for Packard Electric-GM in 1976 as a maintenance electrician. The work was mostly assembly work and was highly labor intensive and not very technical. Local 698 won the first union contract in 1980 under the IUE National Agreement. The plant peaked at 1,300-1,400 workers in 1988. Today there are about 900 hourly workers at Delphi Clinton. The plant makes plastic molding components, terminals and cable. The biggest customer is still General Motors ("GM"), although they have been doing business with other companies since the Delphi spin-off from GM in 1999.

3. At Delphi Clinton the Union agreed to go from many skilled trades classifications to just four: maintenance electrician, maintenance mechanic, tool and die maker and painter. Other Delphi plants also have pipefitters, millwrights, welders, carpenters, tinnners, air conditioning technicians, and others. Having only four classifications saves Delphi money because each worker does more and there is less down time.

4. In 1982 the Union agreed to combine and reduce the production classifications in order to make the operation more efficient. This agreement has been modified over the years to continue to improve efficiencies.

5. The 1983 IUE National Agreement provided for Item 15 (Item 17 then) which allows local parties to negotiate deviations from the national agreement in order to become competitive. Local 698 negotiated our first competitive agreement in 1985, called the Lifetime Job and Income Security Agreement. A copy is attached as Exhibit A. The lifetime job security provisions for all employees hired before 1985 go beyond the IUE National Agreement; employees hired after 1985 have the job security protection under the IUE National Agreement. In exchange for this lifetime job protection, the Union agreed to competitive wages and benefits. New hires in production started at 55% of the top rate and progressed to 100% over 12 years. Skilled trades new hires started at 70% and progressed to parity in 10 years. Delphi committed to hire 400 full-time employees but then only hired a few at that time.

5. Health benefits were scheduled to kick in over time with improvements each year over 12 years. Health care is provided by the Medical Value Plan ("MVP") which is similar to the traditional coverage but has higher deductibles and other out of pocket costs. Prescription drug coverage for the competitive employees was also more costly. Workers pay 20% of the charge but because there were no contracted rates, the Company share of the charges are sometimes more than those for the traditional plan.

6. In 1993, Local 698 agreed to a 7-day operation pilot program which was very controversial with the members because it disrupted their lifestyles which often included church attendance on Sundays. The Union agreed to it in order to allow the Company to run its equipment 24 hours a day, 7 days a week and thus become more competitive. A copy of the agreement is attached as Exhibit B.

7. In 1994, the third tier was negotiated. A copy of the 1994 agreement is attached as Exhibit C. Employees started at 55% of the top rate for each classification and stayed there. There is a 401(k) plan to replace the pension plan. The only increases received were when the national wages increased and cost of living increases. Health benefits were provided through a modification of the MVP; it is a permanent plan and the benefits did not improve over time. Skilled trades stayed the same, as before and did not have a third tier.

8. In 1999, the Local agreed to an "all in" package of \$13.44 per hour for new hires, called the Competitive Challenge Agreement ("CCA"). A copy is attached as Exhibit D. Workers are paid \$8.88 per hour in wages and the rest in benefits, or all in wages. There is a provision that those employees would move in to the third tier based on attrition on a one for one basis. All of those CCA people are now in the third tier. The third tier was modified to get to 70% of the top rate over 4 years and then stay at 70% permanently. The reduced health benefit package is also permanent. There was a buyout in 2001 and 249 employees left. The buyout was \$15,000 and two years of credited service for employees with 28 years; skilled trades were excluded from the buyout.

8. The Union had agreed to the new tier to save the Company money but then the Company did not take full advantage of it. Delphi Clinton used temporary employees instead. Each agreement allowed the Company to hire as many employees as they wanted to but Delphi Clinton did not hire only a small number of people. Instead, Delphi Clinton hired supplemental employees who do not accrue pension benefits.

9. The 2003 IUE National Agreement provided for a standardized MVP which eliminated the lifetime maximums and had national panels of doctors and providers. The National MVP was implemented on January 1, 2005. The contracted rates reduced the cost to the Company but reduced access to health care providers by the employees.

10. In 2004, the Company and the Union negotiated the Molding Template agreement which allows the Company to move work out of Clinton and to allow attrition without replacements in order to get technology through increased capital investments. A copy is attached as Exhibit E. We proposed that management use Item 15 of the IUE-CWA National Agreement. The Company has moved work out of Delphi Clinton and has allowed attrition without replacements but has not increased capital investments as they had promised.

11. The Company and the Union agreed to a Quality Network Suggestion Plan which gave a reward to workers who made suggestions that saved the Company money. In 2004, employee suggestions saved Delphi Clinton \$362,597; in 2005, employee suggestions saved Delphi Clinton \$242,523. See attached Exhibit F. Since the bankruptcy filing employee morale is down and there are fewer employee suggestions being submitted. In spite of these savings, Delphi is now proposing to eliminate this program.

12. The Company and Union also agreed to Quality Network Problem Solving. The overall saving for the year 2004 was \$587,000; for the year 2005 it was \$211,000. See attached Exhibit G. Again, the program has been hurt by the bankruptcy filing and Delphi is seeking to eliminate this program.

13. No matter what the Union did to lower the labor cost, management failed to maximize the opportunity by not hiring more workers. More hiring would reduce the overall labor cost. Four tiers of employees working side by side on the same jobs with very different levels of pay and benefits has caused much unhappiness among the workforce. This is especially true for those who have little or no hope of advancing to parity.

14. Delphi's proposal is to hire new employees at \$8.88 with an "all in" package of \$13.44. It also proposes that employees in the future pay for health benefits which would cost more than \$3 per hour. That will leave new hires with a rate of less than \$6 per hour which is below a living wage.

15. Since 1985 we have agreed to accept lower wages and benefits in order to keep Delphi Clinton open. Now, Delphi proposes to require us to pay for our health benefits. We have paid over and over for job security. It is not fair for us to have our wages and benefits reduced even more and to lose any job protection we have.

Dated: April 21, 2006



TED WILLIAMS